C5800-27-UA

McGraw-Hill Economics

1221 Avenue of the Americas, 37th Floor
New York, New York 10020

March, 1984

CAPITAL SPENDING CHECK-UP SURVEY

The spirits of stock market investors may have dimmed in the first couple months of 1984. But at businesses investing in new plant and equipment, spirits have soared.

Buoyed by continued strong sales and surging profits, American companies have been sharply raising capital investment plans. At present, according to McGraw-Hill's "Capital Spending Check-Up Survey," companies plan to hike U.S. capital expenditures a booming 16.9% this year to $354 billion (Table I).

By contrast, a McGraw-Hill survey conducted last fall found that business intended to raise capital outlays only 9.4% in 1984.

What's more, companies have also sharply lifted their projection of "real" or inflation-adjusted plant and equipment spending. Last fall, they projected merely a 3.4% rise. Now they anticipate an 11% boost (Table II).

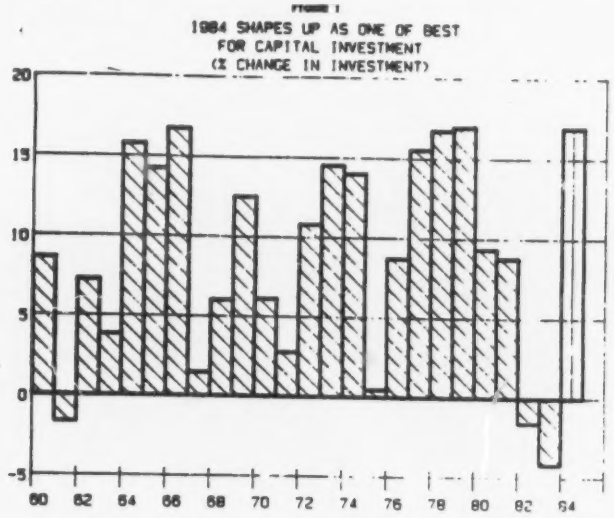
Of various types of capital outlays surveyed, the only one scheduled to decline in 1984 is office building construction (Table VII). Investment in computers, manufacturing equipment, autos and trucks, and factories is slated to grow significantly (Tables III, IV, V, VI).

These are key findings of McGraw-Hill's most recent capital sending survey, which was conducted in January and February. The results are

based on responses from more than 700 companies that account for 29.5% of capital investment in the U.S. (Table VIII). Dollar figures in the report, however, are "blown up" to represent spending by all companies, not just companies in the survey sample.

Despite High Interest Rates, a Boom is Believable

If the survey projection of 16.9% is right, it would make 1984 one of the best growth years on record for investment in new plant and equipment, as shown in Figure I. By contrast, new plant and equipment expenditures fell in 1982 and 1983.



Thus the mighty pickup in 1984--if it materializes--will bring welcome relief to capital goods producers who have waited long for the Reagan investment boom. Strong capital investment this year would, of course, also keep the overall economic expansion rolling along.

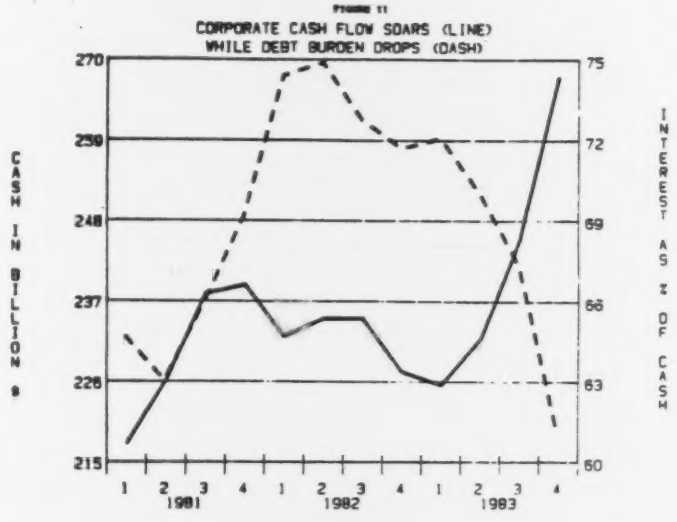
In fact, investment will probably spearhead the expansion this year. Which in a way may seem surprising, given that interest rates are still a mile high and show little intention of declining much. The

exuberant boost in spending plans between last fall and the present--a period when interest rates didn't change significantly--suggests therefore that rates are not playing much of a role right now.

Instead, at center stage is probably cash flow, which as illustrated in Figure II has grown tremendously of late. With cash flow so strong, companies can finance many capital projects from internal sources, thus sidestepping the obstacle of high interest rates.

Rapid cash flow growth also means that companies are better able to pay off their debt and thus focus on new capital projects. This reduction in debt burden, measured by interest payments as a share of cash flow, is also shown in Figure II.

FIGURE II

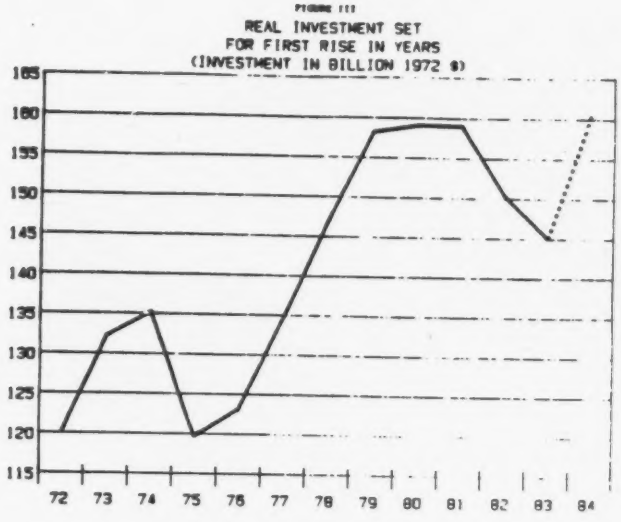


Besides the leap in cash flow, other economic events since last fall probably also changed executives' minds about a host of capital projects--despite the high hurdle rates. Namely, most companies have been enjoying solid sales gains, enough to convince them that the economy has truly recovered and is in for a period of good growth.

Granted, many companies were also enjoying snappy sales gains six

months ago when McGraw-Hill's fall capital spending survey was taken; but at that time it wasn't so clear the gains were for real. Continued success, in other words, has raised confidence.

Thus, though very strong, the survey projection is believable. Believability is enhanced when 1984 is put into the perspective of very weak capital spending in recent years. Inflation-adjusted spending fell in 1981, 1982, and 1983, and was about flat in 1980, as shown in Figure III. Hence after years of letting their capital stock run down, newly optimistic companies see now as the time to modernize and improve their competitive positions.



At the same time, just as firms underreacted to the economic recovery last year, they may now be overreacting. Current plans, therefore, may be somewhat on the exuberant side.

Autos in High Gear

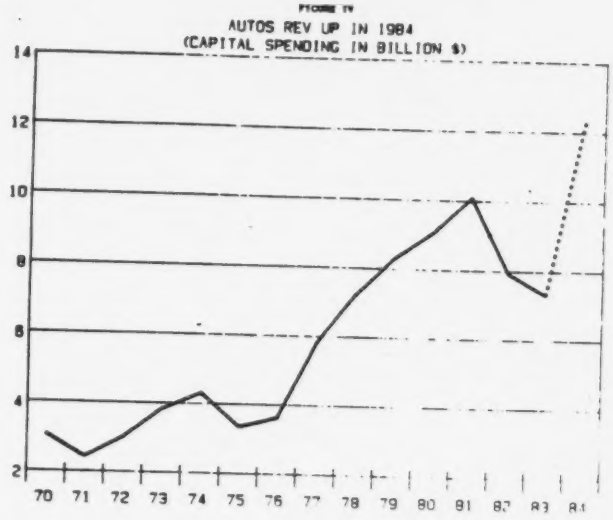
Perhaps best illustrating the recovery-inspired pickup in business confidence is the auto, trucks, and parts industry. Spurred by a 17%

jump in unit car sales and a surge in profits last year, the industry has formulated plans to boost capital outlays a whopping 70% this year to $12.4 billion. The lion's share will go to manufacturing equipment, presumably with an eye towards cutting production costs.

While a 70% projection may appear close to incredible, it should be recalled that the industry slashed investment in recent years (see Figure IV). So now with profits rolling in, management may feel it's time to get modernization plans back on track in order to shore up the industry's competitive position in years to come.

Looking ahead to 1985, auto, trucks, and parts producers are signaling further confidence. For even though it's early in the planning stage for next year, the industry is already budgeting plant and equipment expenditures 25% ahead of 1984.

Supporting these bullish projections by motor vehicles makers is another survey finding. Namely, in 1984 business plans to increase



investment in autos and trucks by 17% to about $18 billion (Table V).

In addition to autos, every other major durable goods producing

CHART I. DETAILED INDUSTRY DATA
FROM SURVEY

INDUSTRY	Capital Spending Plans-% Change 1983-84
Oil & Gas Extraction	-10.1
Nonmetallic Mineral Mining	-2.7
General Building Contractors	-11.5
Heavy Construction Contractors	-11.9
Meat Products	-20.5
Dairy Products	-1.7
Preserved Fruits & Vegetables	8.3
Grain Mill Products	27.2
Fats & Oil	48.1
Beverages	14.2
Weaving Mills, Cotton	28.9
Knitting Mills	2.6
Floor Covering Mills	108.3
Yarn & Thread Mills	-24.5
Misc. Converted Paper Products	20.5
Industrial Inorganic Chemicals	7.5
Drugs	-20.1
Soap, Cleaners, & Toilet Goods	5.4
Miscellaneous Chemical Products	36.4
Miscellaneous Plastics Products	76.6
Leather & Leather Products	12.0
Products of Purchased Glass	86.5
Cement, Hydraulic	-15.1
Structural Clay Products	65.2
Concrete, Gypsum, & Plaster Products	16.9
Primary Nonferrous Metals	46.0
Nonferrous Rolling & Drawing	94.5
Cutlery, Hand Tools, & Hardware	44.5
Plumbing & Heating, Except Electric	25.0
Fabricated Structural Metal Products	5.0
Misc. Fabricated Metal Products	45.6
Farm & Garden Machinery	12.4
Construction & Related Machinery	-31.1
Metalworking Machinery	67.0

CHART I. (CONTINUED)

INDUSTRY	Capital Spending Plans-% Change 1983-84
Special Industry Machinery	96.9
General Industrial Machinery	28.1
Office & Computing Machines	51.7
Refrigeration & Service Machinery	82.1
Electric Distribution Equipment	8.1
Household Appliances	61.4
Electric Lighting & Wiring Equipment	13.2
Communication Equipment	56.6
Electronic Components & Accessories	56.7
Misc. Electrical Equipment & Supplies	58.9
Ship & Boat Building & Repairing	-24.4
Engineering & Scientific Instruments	18.6
Photographic Equipment	33.3
Misc. Manufacturing Industries	31.1
Trucking and Warehousing	54.5
Communications Services	14.2
Hardware, Plumbing, & Heating Eq.-Wholesale	10.8
Farm Product Raw Materials-Wholesales	4.3
Variety Stores	19.2
Food Stores	12.2
Banking	9.8
Insurance Carriers	7.8
Hotels, Motels	41.4
Business Services	31.5
Computer & Data Processing Services	14.0
Educational Services	20.9
Misc. Services	10.7
Wholesale & Retail Trade	11.4
Finance, Insurance, Real Estate	8.8
Personal & Business Services	29.8
Health & Other Services	19.9

industry also projects hefty increases in 1984 capital investment. For total durables, a 35.4% investment surge is projected. If plans are carried through, it would lift plant and equipment spending to nearly $70 billion in 1984.

The size of this projection is somewhat misleading, however, in that durables investment plunged in the past couple of years. Hence, as with autos in particular, 1984 will be a catch-up year for durables makers as a whole. After letting plant and equipment age during the 1981-82 recession, that is, producers of durable goods are replacing and modernizing quickly now that markets have strengthened and profits have rebounded.

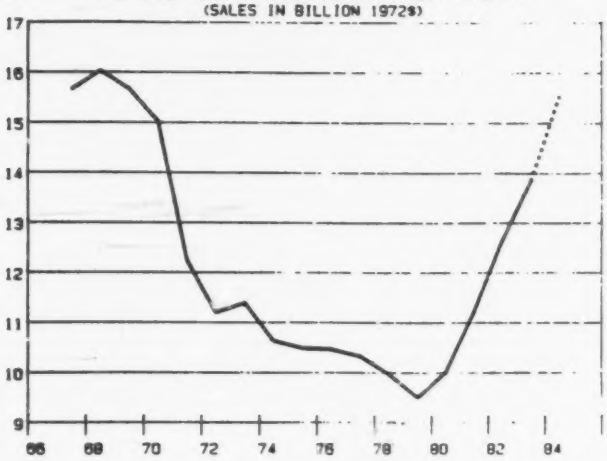
There are still a few spots of weakness, however. For example, although capital spending staged a brisk comeback last year starting in the spring, factory and office construction weakened. Hence, not surprisingly, some durable goods producers selling to construction markets have curtailed their own capital investment plans this year. The prime examples, as shown in Chart I, are cement and construction machinery. And makers of fabricated structural products, who also sell heavily to construction, plan only a modest capital spending increase this year.

Besides construction, ship builders also plan to reduce investment in 1984. Aerospace firms would undoubtedly also be cutting back this year if they were depending on business from commercial airlines. For the major airlines--grappling with deregulation, fare wars, and high costs--have been slashing aircraft purchases. But the other big piece of aerospace business--U.S. government purchases--has been humming, as shown in Figure V. And with the Reagan defense buildup apparently safe from significant Congressional assault, military aircraft orders should

keep aerospace capital spending aloft.

FIGURE V

AEROSPACE SALES TO DEFENSE DEPARTMENT TAKE OFF
(SALES IN BILLION 1972$)



SOURCE: AEROSPACE INDUSTRIES ASSN

Nondurables: Rubber & Plastics Bound Ahead

As with durable goods producers, the recession also forced manufacturers of nondurables to cut capital spending in recent years. Hence the 17% rise rise budgeted this year also contains some catch-up spending.

That applies in particular to chemicals, which pared investment in both 1982 and 1983. Thus even with the strong 19.4% increase projected for this year, the average investment gain since 1981 would be only 5%.

Nevertheless, the 1984 projection is good news to chemical industry capital goods suppliers: It suggests the industry has thrown off its caution about spending and is now convinced the surge in chemical production last year will not peter out. One chemical market that did not enjoy a good 1984, however, was drugs, which may explain the drop in that group's capital spending plans this year (see Chart I).

The catch-up nature of nondurables' capital spending is also illustrated by petroleum, which in the wake of weakening oil prices and profits slashed

capital budgets some 12% last year. Now with prices firming and profits on the rise, the industry plans to make up for the cut by lifting new plant and equipment purchases 26% this year.

Unlike petroleum and most other manufacturers, a few industries managed to raise capital outlays last year. Among these were paper, rubber and plastics, and textiles. In all three cases, factory operating rates are considerably above the average for all manufacturers.

Rubber and plastics, in particular, is operating around full capacity. Hence companies in this industry plan to boost 1984 capital investment 37% following a hefty 11% hike in 1983 (highest of any industry). Much of the increase is slated for factory construction, presumably to expand capacity. (In many other industries, factory outlays this year will likely go primarily for modernization.)

The ebullience of rubber and plastics producers' plans reflects sterling performances last year in key end markets--autos, housing, furniture, appliances, and computers. Most of these markets should remain strong this year.

The textile industry, meanwhile, enjoyed a 1983 production gain of 14.5%, led by carpeting. The textile operating rate rose well into the 80% range while profits soared. Hence textile companies bucked the 1983 downtrend in capital spending and raised investment 4.5%. While the growth prospects for textile end markets such as apparel and housing are not as good as in 1983, the operating rate is high enough, the cash position strong enough, and the need to modernize to compete against imports is urgent enough to spur a solid rise this year in capital spending. The industry projection is for a 10.9% rise, with carpet manufacturers way out in front, but with yarn and thread mills planning cuts (see Chart I).

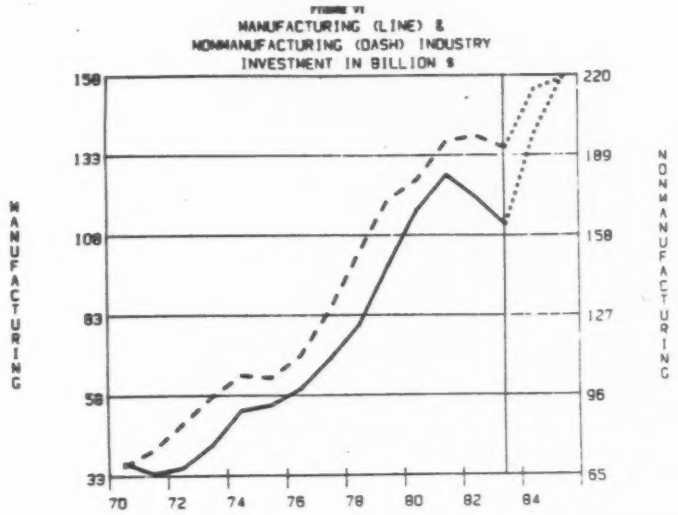
Given that the paper industry is operating its plants at high levels of

capacity utilization, its small 3.4% investment increase projected this year seems surprising. The industry's outlays for factory construction, however, are slated to spurt 20%. And as the economy continues to expand through the year, paper's investment could grow more than currently anticipated.

The food industry, too, projects only a small 5.1% capital spending increase in 1984, a rise which would still leave the industry's expenditures well below where they were a few years ago. The major thrust of food industry spending this year appears to be on modernizing factories.

Nonmanufacturing: Some Weakness Shows Up

Sales and profits within the nonmanufacturing sector as a whole are not as volatile as in manufacturing. Hence nonmanufacturers' capital spending tends to be less volatile, as shown in Figure VI.



Much of this relative stability is due to the massive trade and services sector. After all, even during recessions people go to food stores and doctors. But besides the sort of steady capital investment growth implied by provision of basic services to a growing population, trade and services also

include businesses that depend heavily on the state of other businesses--computer and advertising services, for example. Hence there is some reaction to the business cycle.

And this year looks to be one where the reaction is strongly on the positive side, with most trade and services groups shown in Chart I projecting strong 1984 capital spending plans.

Elsewhere in nonmanufacturing, gas utilities appear to be responding very strongly to the recovery. In 1984, gas companies expect to more than make up for a 14% plunge in capital outlays last year by hiking them 32% this year.

The story is much different with electric utilities, which raised expenditures more than 5% last year, but which since have run into considerable cost overrun problems with nuclear plants. Decisions to delay completion of nuclear plants--or to stop construction altogether--combined with reduced expectations of future energy demand are putting the damper on electric companies' capital budgets. The survey found that in 1984 electric utilies plan to increase expenditures 2%; but after inflation that would translate into a decline of 4%. In 1985, the cutback could be even deeper: At present, electric utility budgets for 1985 are 15% lower than in 1984.

Even more capital spending weakness is apparent at airlines, which as already noted are facing problems despite the economic recovery. Mining, too, looks weak, according to the survey, with most of the weakness centered in the oil patch. Independent oil and gas well drillers and service companies expect to reduce capital outlays 10% this year--which seems to contradict the strong increase planned by the integrated petroleum companies. (Refiners and integrated oil companies are part of petroleum within the manufacturing sector, while independents are considered part of mining.)

One possible difference between the robust plans of the integrated firms and the weak plans of the independents could be availability of financing.

Profits of the majors could finance increased oil well drilling this year while cash-strapped independents may have to wait it out for awhile.

Another seeming contradiction is the strong capital spending projection of railroads, given that orders for new rail cars have been long depressed. The answer here seems threefold: 1) A lot of railroad investment goes to non-rail activity such as natural resources; 2) Railroads may be planning to spend heavily on roadbed improvement and other structures; 3) Rail car orders have recently jumped.

Finally, communications companies seem to have gotten their plans together for 1984. Last fall, just prior to the breakup of AT&T, communications companies' capital spending plans seemed in disarray, and they were projecting very little investment growth this year. Now, however, they foresee a strong 14% increase. Trucking firms, meanwhile, project a whopping 54% surge, another support for motor vehicles producers' ambitious spending plans this year.

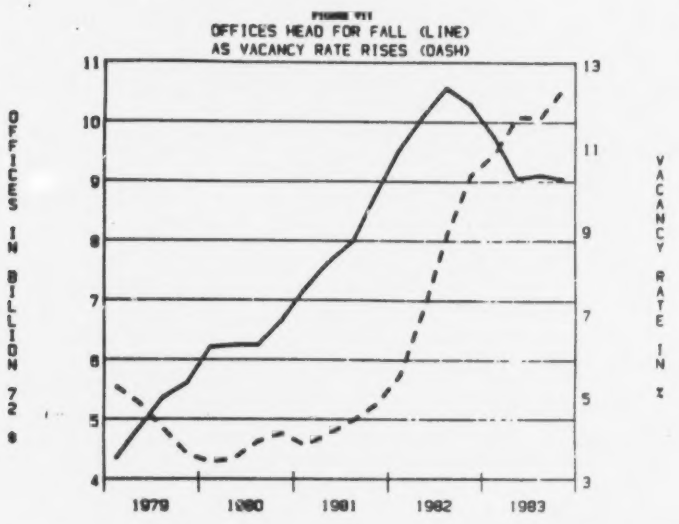
Offices Due for a Fall

For the first time in its capital spending surveys, McGraw-Hill has attempted to find out what types of plant and equipment industries are investing in. The types surveyed applied mostly to manufacturing firms, but in the future the types will be broadened.

Of five categories of plant and equipment, the survey found that 1984 investment should surge in computers and other office equipment, manufacturing equipment, autos and trucks, and factories. Money spent on office construction, on the other hand, is projected to decline.

One thing driving office construction down is the increasing availability of office space, which implies softening rents. The rise in the Coldwell Banker office vacancy rate and the decline in office construction that has

already begun is pictured in Figure VII.



By contrast, an analagous measure for factories--the factory operating rate--is nearing the level that should kick off a sustained rise in factory construction. The survey, in fact, points in that direction. But because there is a long lag between improved operating rates and more factory building, industrial construction plunged severely last year, as shown in Figure VIII.*

Sharply increased business purchases of manufacturing equipment and autos and trucks fits in with the typical pattern of recovery in capital spending. Computers do not have a typical cyclical pattern: In the past ten years they have simply gone up and up. And with the introduction of personal computers in the past couple of years, a wholly new up-cycle has started.

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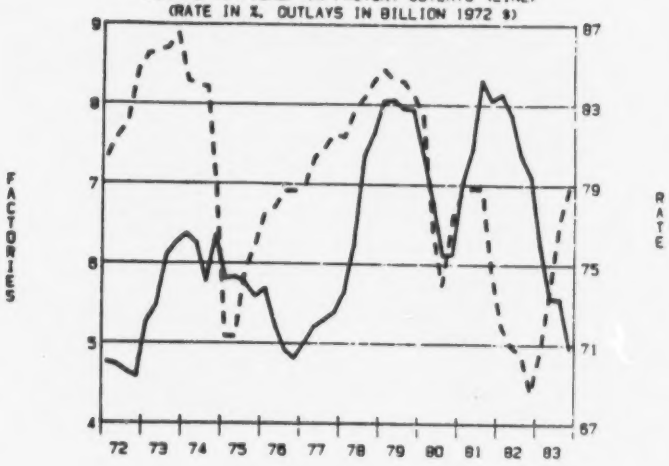
*The factory construction line plotted on the graph is quarterly U.S. Commerce Department data. Because construction by this measure plunged so low in 1983, it seems impossible for it to rise fast enough to result in annual 1984 growth anywhere near that projected by companies in the survey. It seems probable, therefore, that the companies included certain machinery in their construction projections. For example, if a company upgrades a plant by installing a new boiler, it may consider that investment in a factory whereas the Commerce Department would classify it as an equipment purchase.

FIGURE VIII

OPERATING RATE RISE (DASH)
POINTS TO PICKUP IN FACTORY OUTLAYS (LINE)
(RATE IN %, OUTLAYS IN BILLION 1972 $)



Notes on the Survey

Results in this report are based on the responses of over 700 firms to a survey taken in January and February. These firms account for 30% of capital spending in the U.S. (Table VI). For capital spending, firms supplied dollar estimates of future plant and equipment expenditures. Estimates for each year were summed by industry, and percent changes between years were calculated. Each industry's percent change for 1983-84, derived from the sample firms, was then applied to the industry's total capital spending in 1983 in order to derive the industry's total estimated capital spending in 1984. The 1984-85 percent change was applied to the estimated 1984 total industry figure to derive the industry's total estimated 1985 capital spending. Firms with extreme percent changes in spending (outliers) were removed from the sample on a year-by-year basis. The source of the actual 1983 capital spending is the U.S. Department of Commerce.

Once each industry's total estimated capital spending was derived, the figures were summed to derive estimates for the various aggregate groupings--durables, nondurables, all manufacturing, all nonmanufacturing, and

all business.

All data presented in this report other than the capital spending figures are based on percentage--rather than dollar--answers supplied by the sample firms. Percentage responses were weighted by size of firm within an industry to derive industry figures. Figures for the aggregates were then derived by weighting each industry by size.

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NOTE: The other durables category listed in the table includes lumber, furniture, jewelry, toys, and transportation equipment other than autos and aerospace. Other nondurables includes apparel, tobacco, printing and publishing, and leather. The trade and services category includes retail and wholesale trade, banking, holding companies, insurance companies, hotels, laundries, and personal and business services. The communications and other category includes construction firms and transportation services other than airlines and railroads.

TABLE I

PLANS FOR CAPITAL SPENDING
(Billions of Dollars)

INDUSTRY	1983 ESTIMATE	1984 PLANNED	1983-84 % CHANGE	1985 PLANNED	1984-85 % CHANGE
Iron & Steel	2.97	3.89	30.9	5.17	32.9
Nonferrous Metals	2.45	3.79	54.7	4.90	29.4
Electrical Machinery	10.37	12.51	20.7	12.22	-2.3
Non-Electrical Machinery	12.44	16.42	32.0	19.88	21.1
Autos,Trucks & Parts	7.31	12.43	70.0	15.56	25.1
Aerospace	4.85	6.23	28.4	6.62	6.3
Fabricated Metals	2.23	3.02	35.6	4.83	59.8
Instruments	2.51	2.92	16.5	3.34	14.4
Stone,Clay & Glass	2.45	3.26	33.0	3.58	9.9
Other Durables	3.87	5.16	33.4	5.55	7.5
TOTAL DURABLES	51.45	69.64	35.4	81.65	17.3
Chemicals	13.19	15.75	19.4	17.08	8.4
Paper & Pulp	6.20	6.41	3.4	6.65	3.8
Rubber & Plastic	1.89	2.59	36.8	2.58	-0.2
Petroleum	23.43	29.60	26.3	34.98	18.2
Food & Beverage	6.62	6.95	5.1	7.04	1.2
Textiles	1.39	1.54	10.9	1.59	3.3
Other Nondurables	7.01	7.07	0.8	6.25	-11.5
TOTAL NONDURABLES	59.74	69.91	17.0	76.17	9.0
ALL MANUFACTURING	111.18	139.55	25.5	157.82	13.1
Mining	12.00	11.97	-0.3	11.73	-1.9
Railroads	3.93	5.16	31.3	5.67	9.9
Airlines	3.78	2.56	-32.1	2.28	-11.1
Electric Utilities	35.29	35.99	2.0	30.40	-15.5
Gas Utilities	7.33	9.68	32.1	11.64	20.3
Communication & Other	41.66	48.57	16.6	50.37	3.7
Trade & Services	88.02	101.00	14.8	107.29	6.2
ALL NONMANUFACTURING	192.01	214.93	11.9	219.38	2.1
ALL BUSINESS	303.20	354.48	16.9	377.21	6.4

NOTE: Dollar amounts are rounded to two decimal places. Percent changes are calculated from unrounded data. Dollar figures represent total industry capital expenditures, not just the expenditures of companies responding to the survey. The source for 1983 expenditures is the U.S. Commerce Department.

TABLE II

INFLATION EXPECTATIONS
(Percentage Change)

INDUSTRY	Expected % Change, 1983-84	
	Plant & Equipment Prices	Real Capital Spending
Iron & Steel	5.4	24.2
Nonferrous Metals	6.4	45.4
Electrical Machinery	4.6	15.4
Non-Electrical Machinery	5.2	25.5
Autos,Trucks & Parts	4.4	62.9
Aerospace	4.5	22.9
Fabricated Metals	5.2	28.9
Instruments	5.3	10.6
Stone,Clay & Glass	4.7	27.0
Other Durables	6.6	25.1
TOTAL DURABLES	5.0	28.9
Chemicals	4.4	14.3
Paper & Pulp	5.2	-1.7
Rubber & Plastic	5.3	30.0
Petroleum	5.0	20.3
Food & Beverage	5.3	-0.3
Textiles	5.2	5.4
Other Nondurables	5.0	-4.0
TOTAL NONDURABLES	5.0	11.5
ALL MANUFACTURING	5.0	19.6
Mining	4.5	-4.6
Railroads	5.4	24.5
Airlines	7.2	-36.7
Electric Utilities	6.2	-4.0
Gas Utilities	5.3	25.4
Communication & Other	5.6	10.4
Trade & Services	5.3	9.0
ALL NONMANUFACTURING	5.5	6.1
ALL BUSINESS	5.3	11.0

*Percent change in capital spending from Table I adjusted for expected capital goods inflation from first column of Table II.

TABLE III

CAPITAL SPENDING ON COMPUTERS & OTHER
OFFICE EQUIPMENT

INDUSTRY	Million $		% of Industry's Total Capital Spending	
	1983	1984	1983	1984
Iron & Steel	198.5	301.4	6.7	7.8
Nonferrous Metals	68.6	82.0	2.8	2.2
Electrical Machinery	881.6	1,273.6	8.5	10.2
Non-Electrical Machinery	1,686.0	2,460.6	13.6	15.0
Autos,Trucks & Parts	49.9	33.9	0.7	0.3
Aerospace	1,072.6	1,809.5	22.1	29.1
Fabricated Metals	183.5	230.5	8.2	7.6
Instruments	468.6	450.6	18.7	15.4
Stone,Clay & Glass	104.0	103.3	4.2	3.2
Other Durables	561.3	706.2	14.5	13.7
TOTAL DURABLES	5,274.6	7,451.6	10.3	10.7
Chemicals	611.8	748.3	4.6	4.8
Paper & Pulp	131.0	177.9	2.1	2.8
Rubber & Plastic	90.1	124.6	4.8	4.8
Petroleum	247.3	290.7	1.1	1.0
Food & Beverage	362.5	292.1	5.5	4.2
Textiles	46.5	54.2	3.3	3.5
Other Nondurables	666.4	712.1	9.5	10.1
TOTAL NONDURABLES	2,155.6	2,399.8	3.6	3.4
ALL MANUFACTURING	7,430.2	9,851.4	6.7	7.1
Mining	175.8	150.7	1.5	1.3
Railroads	90.4	114.5	2.3	2.2
Airlines	267.5	256.7	7.1	10.0
Electric Utilities	320.1	515.9	0.9	1.4
Gas Utilities	294.7	259.7	4.0	2.7
Communication & Other	2,629.6	2,673.4	6.3	5.5
Trade & Services	15,361.4	19,815.4	17.5	19.6
ALL NONMANUFACTURING	19,139.6	23,786.2	10.0	11.1
ALL BUSINESS	26,569.8	33,637.6	8.8	9.5

TABLE IV

CAPITAL SPENDING ON MANUFACTURING EQUIPMENT

INDUSTRY	Million $		% of Industry's Total Capital Spending	
	1983	1984	1983	1984
Iron & Steel	2,304.4	2,939.1	77.6	75.6
Nonferrous Metals	1,535.6	2,286.7	62.7	60.3
Electrical Machinery	5,224.3	6,964.0	50.4	55.6
Non-Electrical Machinery	6,511.5	8,825.5	52.3	53.8
Autos,Trucks & Parts	6,469.7	8,793.2	88.5	70.7
Aerospace	2,072.8	2,519.5	42.7	40.5
Fabricated Metals	1,602.5	2,098.8	71.9	69.4
Instruments	1,509.1	1,746.9	60.1	59.7
Stone,Clay & Glass	1,520.0	2,149.4	62.0	66.0
Other Durables	2,246.2	3,092.2	58.0	59.9
TOTAL DURABLES	30,996.2	41,415.3	60.2	59.5
Chemicals	8,060.9	9,198.8	61.1	58.4
Paper & Pulp	4,969.8	5,037.0	80.2	78.6
Rubber & Plastic	1,482.2	1,721.6	78.4	66.6
Petroleum	6,436.8	5,131.5	27.5	17.3
Food & Beverage	4,725.3	4,940.9	71.4	71.0
Textiles	1,218.9	1,259.6	87.7	81.7
Other Nondurables	2,899.2	3,075.4	41.4	43.5
TOTAL NONDURABLES	29,793.2	30,364.7	49.9	43.4
ALL MANUFACTURING	60,789.4	71,780.0	54.7	51.4
Mining	464.5	955.3	3.9	8.0
Railroads	17.2	25.9	0.4	0.5
Airlines	8.1	0.0	0.2	0.0
Electric Utilities	1,876.3	2,165.7	5.3	6.0
Gas Utilities	577.2	798.2	7.9	8.2
Communication & Other	324.3	367.0	0.8	0.8
Trade & Services	2,562.6	2,853.3	2.9	2.8
ALL NONMANUFACTURING	5,830.3	7,165.3	3.0	3.3
ALL BUSINESS	66,619.8	78,945.3	22.0	22.3

TABLE V

CAPITAL SPENDING ON AUTOS & TRUCKS

INDUSTRY	Million $		% of Industry's Total Capital Spending	
	1983	1984	1983	1984
Iron & Steel	64.6	144.9	2.2	3.7
Nonferrous Metals	1.5	1.1	0.1	0.0
Electrical Machinery	216.7	198.1	2.1	1.6
Non-Electrical Machinery	689.1	959.6	5.5	5.8
Autos,Trucks & Parts	23.1	46.4	0.3	0.4
Aerospace	89.3	92.7	1.8	1.5
Fabricated Metals	76.2	155.1	3.4	5.1
Instruments	63.8	71.3	2.5	2.4
Stone,Clay & Glass	169.1	214.2	6.9	6.6
Other Durables	472.8	476.5	12.2	9.2
TOTAL DURABLES	1,866.1	2,360.0	3.6	3.4
Chemicals	232.7	322.5	1.8	2.0
Paper & Pulp	89.8	104.5	1.4	1.6
Rubber & Plastic	51.0	66.0	2.7	2.6
Petroleum	155.3	106.1	0.7	0.4
Food & Beverage	580.9	527.7	8.8	7.6
Textiles	36.8	51.7	2.6	3.4
Other Nondurables	110.6	102.3	1.6	1.4
TOTAL NONDURABLES	1,257.1	1,280.8	2.1	1.8
ALL MANUFACTURING	3,123.2	3,640.8	2.8	2.6
Mining	419.1	331.1	3.5	2.8
Railroads	56.2	87.7	1.4	1.7
Airlines	23.6	37.7	0.6	1.5
Electric Utilities	449.9	532.6	1.3	1.5
Gas Utilities	133.6	190.8	1.8	2.0
Communication & Other	4,069.8	5,520.8	9.8	11.4
Trade & Services	6,965.2	7,522.2	7.9	7.4
ALL NONMANUFACTURING	12,117.4	14,222.8	6.3	6.6
ALL BUSINESS	15,240.6	17,863.7	5.0	5.0

TABLE VI

CAPITAL SPENDING ON FACTORY CONSTRUCTION

INDUSTRY	Million $		% of Industry's Total Capital Spending	
	1983	1984	1983	1984
Iron & Steel	216.1	213.6	7.3	5.5
Nonferrous Metals	218.0	397.8	8.9	10.5
Electrical Machinery	825.3	1,008.8	8.0	8.1
Non-Electrical Machinery	1,458.4	1,907.5	11.7	11.6
Autos,Trucks & Parts	551.5	916.0	7.5	7.4
Aerospace	626.4	756.1	12.9	12.1
Fabricated Metals	68.2	98.4	3.1	3.3
Instruments	248.8	281.8	9.9	9.6
Stone,Clay & Glass	143.5	165.9	5.9	5.1
Other Durables	244.5	432.7	6.3	8.4
TOTAL DURABLES	4,600.7	6,178.6	8.9	8.9
Chemicals	774.5	1,227.4	5.9	7.8
Paper & Pulp	274.6	329.8	4.4	5.1
Rubber & Plastic	138.0	349.7	7.3	13.5
Petroleum	136.2	774.8	0.6	2.6
Food & Beverage	343.3	437.8	5.2	6.3
Textiles	63.2	61.3	4.5	4.0
Other Nondurables	1,521.4	1,179.5	21.7	16.7
TOTAL NONDURABLES	3,251.1	4,360.3	5.4	6.2
ALL MANUFACTURING	7,851.8	10,539.0	7.1	7.6
Mining	716.6	1,216.9	6.0	10.2
Railroads	0.0	4.9	0.0	0.1
Airlines	0.0	0.0	0.0	0.0
Electric Utilities	18.9	12.8	0.1	0.0
Gas Utilities	9.9	5.5	0.1	0.1
Communication & Other	124.3	170.5	0.3	0.4
Trade & Services	1,552.4	2,878.8	1.8	2.9
ALL NONMANUFACTURING	2,422.1	4,289.4	1.3	2.0
ALL BUSINESS	10,273.9	14,828.3	3.4	4.2

TABLE VII

CAPITAL SPENDING ON OFFICE CONSTRUCTION

INDUSTRY	Million $		% of Industry's Total Capital Spending	
	1983	1984	1983	1984
Iron & Steel	46.2	41.7	1.6	1.1
Nonferrous Metals	18.9	27.6	0.8	0.7
Electrical Machinery	358.5	365.9	3.5	2.9
Non-Electrical Machinery	1,164.8	1,517.2	9.4	9.2
Autos,Trucks & Parts	56.7	103.7	0.8	0.8
Aerospace	332.9	390.0	6.9	6.3
Fabricated Metals	91.6	109.1	4.1	3.6
Instruments	80.7	147.9	3.2	5.1
Stone,Clay & Glass	24.3	24.9	1.0	0.8
Other Durables	160.2	112.6	4.1	2.2
TOTAL DURABLES	2,334.8	2,840.4	4.5	4.1
Chemicals	400.9	702.8	3.0	4.5
Paper & Pulp	57.7	93.1	0.9	1.5
Rubber & Plastic	17.8	23.2	0.9	0.9
Petroleum	599.6	471.7	2.6	1.6
Food & Beverage	278.3	324.6	4.2	4.7
Textiles	3.3	10.5	0.2	0.7
Other Nondurables	516.4	485.1	7.4	6.9
TOTAL NONDURABLES	1,873.8	2,110.9	3.1	3.0
ALL MANUFACTURING	4,208.6	4,951.3	3.8	3.5
Mining	17.1	17.9	0.1	0.1
Railroads	12.4	15.9	0.3	0.3
Airlines	76.8	47.9	2.0	1.9
Electric Utilities	239.4	505.3	0.7	1.4
Gas Utilities	369.7	174.6	5.0	1.8
Communication & Other	2,053.1	2,132.8	4.9	4.4
Trade & Services	10,931.1	8,261.3	12.4	8.2
ALL NONMANUFACTURING	13,699.6	11,155.7	7.1	5.2
ALL BUSINESS	17,908.2	16,107.0	5.9	4.5

TABLE VIII

SURVEY SAMPLE SIZE

INDUSTRY	Percentage of Capital Spending Covered by Survey
Iron & Steel	62.6
Nonferrous Metals	24.5
Electrical Machinery	46.8
Non-Electrical Machinery	33.6
Autos,Trucks & Parts	73.2
Aerospace	51.3
Fabricated Metals	16.8
Instruments	60.0
Stone,Clay & Glass	22.2
Other Durables	16.0
TOTAL DURABLES	43.5
Chemicals	35.3
Paper & Pulp	44.9
Rubber & Plastic	25.6
Petroleum	73.5
Food & Beverage	32.3
Textiles	38.1
Other Nondurables	18.0
TOTAL NONDURABLES	48.7
ALL MANUFACTURING	46.3
Mining	14.0
Railroads	74.9
Airlines	66.6
Electric Utilities	51.9
Gas Utilities	22.6
Communication & Other	18.0
Trade & Services	3.9
ALL NONMANUFACTURING	9.7
ALL BUSINESS	29.5